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**WHARF RESOURCES LTD.**

1055 WEST HASTINGS STREET  
VANCOUVER, BRITISH COLUMBIA V6E 2E9

## **REPORT TO SHAREHOLDERS**

For the Six Months ended January 31, 1975



## FINANCIAL

On February 17, 1975, the Company's finances were reinforced by the closing of an Agreement which was entered into in October of 1974 with respect to the sale of a 10% interest in the Landusky property to L.R.M. Holdings, Inc., a Montana-registered Company. Under the terms of the Agreement, L.R.M. Holdings paid \$110,000 for their interest and are assuming 13.3% of the exploration costs.

## LANDUSKY GOLD-SILVER PROPERTY

In a continued effort to prove ore reserves which can be mined by open-pit methods, the Company commenced an underground tunnelling program on November 17, 1974. The initial objective of the program has been to extend Drift #1 of the Niseka Zone approximately 600 feet to a point where a lateral crosscut could be driven to test the area between the Niseka and August Zones. This is to be followed up by progressively extending the tunnel a distance of about 1,200 feet and crosscutting every 200 to 300 feet. Another tunnel is planned, roughly parallel to the present one but 160 feet higher, with crosscuts at corresponding intervals.

As reported earlier, the 240-foot Drift #1 was previously channel sampled and averaged 0.04 oz. of gold per ton and 15.0 oz. of silver per ton. At the date of this writing, Drift #1 has been driven 580 feet to the first crosscut point and a further 100 feet beyond. One leg of the crosscut, towards the August Zone, has been driven 224 feet at which point a stope of the old August workings was encountered. Because of the unsafe working conditions in the stope at this point, this leg of the crosscut will be terminated and 100 to 150 feet on the other side will be tested with a percussion drill. The ground on the other side of this stope was previously tested with an inclined surface rotary drill. The results for the last 90 feet of the hole (still in ore at its total depth of 360 feet) were 0.06 oz. gold per ton and 4.66 oz. silver per ton.

The results of the program commenced on November 17, 1974 are as follows:

1. Access Tunnel (Extension of Drift #1 — Starting point 240 feet from portal):

Interval	Length	Weighted Average Oz. per Ton	
		Au	Ag
240 feet to 330 feet	90 feet	0.042	3.55
330 feet to 390 feet	60 feet	0.097	8.86
390 feet to 450 feet	60 feet	Tr. to .03	2.3
450 feet to 530 feet	80 feet	0.02	0.6
530 feet to 600 feet	70 feet	0.01 to 0.03	0.1 to 0.6
600 feet to 620 feet	20 feet	0.03	3.1
620 feet to 780 feet	160 feet	Tr. to 0.04	Tr. to 0.4

2. First Leg of Crosscut:

0 to 48 feet	48 feet	No significant values	
48 feet to 53 feet	5 feet	0.05	3.7
53 feet to 204 feet	151 feet	No significant values	
204 feet to 224 feet	20 feet	0.03	2.4

The downward extensions of both the August and Niseka Zones have still to be tested. In the meanwhile, the main tunnel is being advanced so that the next exploratory crosscut and percussion drilling can be done. Mr. R. E. Legg, under whose direction the current program is being carried out, points out that it is too early to draw conclusions from the work to date as it represents only a very small percentage of the total work done on the property, on which average values previously reported have been based.

## RAM RIVER COAL PROPERTY

The Company was notified by Brascan Resources Limited that they have exercised their option on the Company's 11,800-acre Coal Leases in the Nordegg area of Alberta. Under the terms of the Agreement, Brascan must spend a minimum of \$250,000 in exploration work in order to earn a 51% interest in the Leases. Brascan will then have a further option to spend an additional \$250,000 to earn a further 24% interest.

Brascan has notified the Company that they plan to commence field work in June, with diamond drilling to be undertaken in late summer.

## MOSQUITO CREEK PROPERTY

The exploration and development program under the direction of Home Oil Company is continuing. The sinking of a three-compartment production-size shaft, serviced by a double drum hoist, was completed in December of 1974. Four stations have been cut at the following levels:

Level	Depth
1st Level — 4400	175 feet
2nd Level — 4300	275 feet
3rd Level — 4200	375 feet
4th Level — 4100	475 feet

Development is presently taking place on the first and fourth levels, consisting of lateral drifting, crosscutting, and underground diamond drilling.

Ore grade quartz veins running as high as 1.77 oz. of gold per ton have been encountered and diamond cores have intersected replacement ore assaying as high as 2.14 oz. of gold per ton over an interval of 2.3 feet and averaging 0.79 oz. of gold per ton over an interval of 9.3 feet.

Drifting, crosscutting and underground diamond drilling are continuing.

Respectfully submitted,  
PETER R. KUTNEY,  
President.

April 4, 1975.





WHARF RESOURCES LTD.

## STATEMENT OF INCOME

For the Six Months Ended January 31, 1975  
With Comparative Figures for January 31, 1974  
(Unaudited)

	1975	1974
Income (Net) (1) .....	\$ 12,460	\$ 327
Administrative Expenses .....	—	290
Funds Generated from Operations ..	12,460	37
Depreciation-Depletion .....	75	55
Net Income from Operations .....	12,385	(18)
Other Income and Expenses (Net) (2) .....	114,616	(6,323)
Provision for Taxes .....	31,500	—
Net Income (Loss) for Period .....	\$ 95,501	\$ (6,341)

(1) Includes interest on short term investment of \$14,277 in 1975.

(2) Gain on sale of investment in 1975 of \$114,616.

## STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Six Months Ended January 31, 1975  
With Comparative Figures for January 31, 1974  
(Unaudited)

	1975	1974
FUNDS WERE PROVIDED BY:		
Operations .....	\$ 12,460	\$ 37
Proceeds on Sale of Property .....	571	300
Proceeds on Sale of Investment (1) .....	114,616	—
	127,647	337
FUNDS WERE APPLIED TO:		
Expenditures on Mineral Properties (2) .....	247,275	8,031
Expenditures on Petroleum and Natural Gas Properties .....	—	173,491
Purchase of Investments .....	1,500	3,528
Other (Net) .....	630	6,373
	249,405	191,423
DECREASE IN WORKING CAPITAL ..	121,758	191,086
WORKING CAPITAL (DEFICIT) BEGINNING OF PERIOD .....	375,098	(60,770)
WORKING CAPITAL (DEFICIT) END OF PERIOD .....	\$ 253,340	\$(251,856)

(1) Proceeds on sale of investment in 1975 were \$129,616 less \$15,000 cost included in working capital of July 31, 1974.

(2) Includes \$180,000 for acquisition of property at Landusky, Montana, U.S.A., and \$67,275 development expenditures for 1975.

Director

Director



